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United States Agency for International Development

This Guidebook serves as guidance for the Agency's deobligation process.

DEOBLIGATION GUIDEBOOK

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I. PURPOSE

This Deobligation Guidebook provides detailed guidance on the deobligation of program and operating expense (OE) funds in USAID obligating documents. Specifically, this Guidebook outlines the processes necessary for Agency personnel to deobligate funds from the following types of Agency obligating documents:

- Grants to Foreign Governments (Strategic Objective Agreements, Limited Scope Agreements, Commodity Import Program Grants, or Cash Transfer Grants);
- Assistance Awards to Non-Governmental Organizations (NGOs);
- Contracts;
- Procurement Authorizations (PAs); and
- OE-funded obligations (such as Travel Authorizations/Orders (TAs), training orders, credit card orders, and Miscellaneous Obligation Documents (MODs))

For deobligating funds from interagency agreements, consult ADS 306.3.12, Completion and Closeout of an Interagency Agreement.

NOTE: Until Phoenix is installed and operational in all field Missions, the Mission Accounting and Control System (MACS) will continue to be used as a funds control system. The equivalent MACS terminology for terms used in Phoenix is indicated in parentheses following the Phoenix term.

II. REQUIREMENTS

31 U.S.C. 1554 requires **“the head of each agency to submit to the President and the Secretary of the Treasury a report regarding the unliquidated obligations, unobligated balances, canceled balances, and adjustments made to appropriation accounts of that agency during the completed fiscal year.”** USAID policy directives and required procedures detailed in ADS 621, Obligations, require Agency Controllers and Program Offices to initiate and coordinate reviews of all unliquidated obligations at least once a year to determine whether the obligations balances should be retained or deobligated. ADS 621 requires Assistant Administrators (AAs), Mission Directors, and Independent Office Directors to provide an annual certification of unexpended balances to the Chief Financial Officer (CFO). ADS 621 also establishes the policy directives and required procedures for managing obligations.

This Guidebook is designed to assist Agency employees in meeting the requirements of ADS 621.

III. BACKGROUND

Establishing sound financial management practices within USAID will greatly facilitate the deobligation and reobligation process. It is important to ensure that the amount of

funding obligated is not over-budgeted and fits the requirement of the desired results. By following these guidelines, the Agency should improve the utilization of scarce financial resources and reduce the need for significant deobligations later.

USAID's adherence to laws, policies, procedures, and the related USAID guidelines has been the subject of numerous audits conducted by the Office of Inspector General (OIG). In general, these audits have found that although only a few recorded obligations had questionable validity, many obligations had balances that were excessive or no longer needed. The guidance and instructions outlined in this Guidebook will strengthen the Agency's ongoing and annual review requirements through the full participation of various offices within the Agency. In addition, for closeout Missions, the guidance and instructions will speed the liquidation and closure of all remaining activities.

IV. ROLES AND RESPONSIBILITIES

Although many have roles and responsibilities in the deobligation process, the following are the principal ones as they pertain to the actions identified in Section I.

- A. Cognizant Technical Officer (CTO):** The CTO, in coordination with the Strategic Objective (SO) team, is responsible for planning and monitoring the level of funding necessary for the execution of the activity. This includes periodically reviewing the status of all obligated funds and identifying obligations with (1) unneeded balances (funds remaining after all goods and services have been delivered or completed and paid for); and (2) excessive balances (balances that exceed forward funding guidelines). Most importantly, the CTO is responsible for initiating the deobligation process and ensuring that the deobligation process outlined in Section V is followed.
- B. Activity Manager:** The Activity Manager is responsible for keeping the SO Team (including the CTO) advised of any problems related to performance, reviewing the financial status of the activity for potential excess funding, notifying the CTO when an activity is complete, and recommending that excess funds be deobligated. The CTO works closely with the Activity Manager to obtain critical activity-level performance information for the deobligation process.
- C. Strategic Objective (SO) Team Leader:** The SO Team Leader is responsible for ensuring that the team prudently plans, monitors, and manages the financial aspects of its program throughout the life of the SO. Specifically, the Team Leader is responsible for ensuring that the SO Team (which includes the CTO and Activity Manager), along with the Controller's Office, reviews the status of all obligated funds and makes any necessary adjustments to ensure that these funds are used

in a timely manner or are deobligated if no longer needed or exceed forward funding policies.

- D. Mission Controllers and USAID/W Program Offices:** In order for the SO Team (specifically, the CTO, in coordination with the Activity Manager) to conduct periodic reviews of the status of all program-funded obligations and identify excess/unneeded funds for deobligation, Mission Controllers and the Bureau for Management, Office of Financial Management (M/FM) are responsible for providing offices with comprehensive pipeline reports. In addition, they are responsible for providing guidance and arranging training, as needed, to ensure that CTOs and Activity Managers are aware of their responsibilities related to the deobligation process. Furthermore, they are responsible for establishing and maintaining a Deob-Reob Plan for monitoring and tracking deobligations from the initial request for deobligation to recovery and return to the deobligating operating unit.
- E. Bureau for Management, Office of Procurement (M/OP) Obligor Official:** In USAID/W, the M/OP Obligor Official is responsible for the initial obligation and subsequent deobligation of funds from active awards that are near completion and completed awards prior to going for final closeout processing. For active awards, the M/OP Obligor Official acts on a request from the CTO or other Obligor Manager for modification of the budget and request for deobligation of funds determined to be in excess of needs.
- F. Bureau for Management, Office of Procurement, Procurement Support Division, Overhead/Special Costs and Closeout Branch (M/OP/PS/OCC) Administrative Closeout Official:** In USAID/W, the M/OP/PS/OCC Administrative Closeout Official is responsible for processing the closeout of M/OP-obligated awards and the subsequent deobligation of residual funds. For expired awards, the M/OP/PS/OCC Administrative Closeout Official takes the required action to close the award and deobligates the remaining balance once the award has been forwarded or sent by the M/OP Obligor Official for closeout processing. The M/OP/PS/OCC Administrative Closeout Official is also responsible for negotiating indirect cost rates. M/OP/PS/OCC also sends requests to the cognizant CTO to ensure that all terms of the award were met prior to closeout. It is important to note that the closeout process (waiting for final audit of overhead rates, etc.) may take up to several years.
- G. Mission Contracting Officers (COs):** Program funds may be initially obligated in a bilateral agreement (such as a Strategic Objective Agreement [SOAG], see ADS 201, Planning; ADS 350, Grants to Foreign Governments; and ADS 621, Obligations) between USAID and the cooperating country. When this is the case, Mission COs are responsible for executing the subobligation (commitment) documents (grants, contracts, cooperative agreements, etc.) in field Missions.

Before funds in a subobligation (commitment) document can be de-subobligated (decommitted), a formal closeout process [outlined in Contract Information Bulletin (CIB) 90-12, Subject: Guidance for AID Missions -- Closing Out Contracts, Grants, and Cooperative Agreements] is required. Since Missions are responsible for closing out their own actions, as well as M/OP-issued procurement actions that have been transferred to the field for administration, it is the CO's responsibility to take the lead role in ensuring that closeouts are accomplished in a timely and comprehensive manner so that funds can be de-subobligated (decommitted).

- H. USAID/W Bureau Assistant Administrators (AAs) or their Designees:** In lieu of M/OP, these individuals serve as Agreement and Grant Officers responsible for obligating and deobligating funds in interagency agreements and certain grants, respectively. (See ADS 103, Delegations of Authority; ADS 306, Interagency Agreements; ADS 308, Grants and International Agreements with International Organizations; and ADS 350, Grants to Foreign Governments)
- I. Administrative Management Services (AMS) or Executive Management Team (EMT) Offices, Management Bureau Cost Centers, Bureau for Legislative Public Affairs (LPA), and Independent Offices [Office of General Counsel (GC), Office of Equal Opportunity Programs (EOP), Office of Small & Disadvantaged Business (OSDBU), Office of Security (SEC)] that Manage Non-Program Funds:** In coordination with the CTO or other Obligation Manager, the designated Obligating Official in these USAID/W offices is responsible for conducting periodic reviews of the status of all OE-funded obligations, identifying excess/unneeded funds, and deobligating excess or unneeded funds obligated in the Phoenix accounting system.

NOTE: The Chief, Bureau for Management, Office of Administrative Services, Travel and Transportation Division (M/AS/TT) is the Obligating Official for all travel orders.

- J. Office of the Chief Financial Officer (M/CFO):** In USAID/W, M/CFO is responsible for assisting Bureaus and Offices in their efforts to deobligate OE funds in obligations that were obligated in the Phoenix accounting system. M/CFO is also responsible for providing a quarterly report to each Bureau that details deobligations by Bureau/Mission and Fund Account. In addition, M/CFO notifies the Bureau for Policy and Program Coordination, Office of Resource Allocation (PPC/RA) via e-mail that the apportionment of these funds has been completed and makes these funds available in Phoenix to PPC/RA. (For more information on the reobligation process, see ADS 621 Internal Mandatory Reference, Reobligation Policy.)
- K. PPC/RA:** In USAID/W, PPC/RA is responsible for distributing deobligated funds to the Bureaus and monitoring Mission deobligations reported via Mission Accounting and Control System (MACS) reports. This includes the reapportioning, reallocating,

and reallowing of deobligated funds. (For more information on the reobligation process, see ADS 621 Internal Mandatory Reference, Reobligation Policy.)

V. THE DEOBLIGATION PROCESS

This section outlines and explains the deobligation process for both active and expired obligating instruments. The process varies, in some stages, between field Missions and USAID/W, and slightly varies within USAID/W itself, depending on who executed the award (i.e., M/OP for contracts, grants, cooperative agreements, etc., or Bureau AAs (or designees) for interagency agreements and certain grants). Once the CTO or other Obligation Manager has initiated a deobligation request, the process includes a need to establish and maintain a tracking and reporting system to ensure that identified excess/unnneeded funds are deobligated, made available for reobligation by PPC/RA, and returned to the deobligating operating unit (see **Section VI**).

A. Identifying Excess and Unneeded Funds

Excess and unneeded funds may be identified for deobligation through various means such as the following:

1. **Performance monitoring** and ongoing management oversight through procurement planning, periodic portfolio reviews, and the Annual Report (AR) and Bureau Program Budget Submission (BPBS) Program exercises lend themselves to identifying funds that are excess and/or no longer needed and that could be deobligated as a result of activity completion or changed circumstances.
2. **Accruals reporting** is required at the end of each quarter. CTOs or other Obligation Managers and other responsible parties examine the status of their obligating (or subobligating) instruments and review the obligated (or subobligated), disbursed/vouchered, and unliquidated obligation amounts. Accruals are developed based on the best estimate of goods and services recorded but not yet paid for. During this review, expired awards may be designated for closeout. (For more information on accrued expenditures, see ADS 631, Accrued Expenditures.)
3. **Periodic reviews of unexpended balances** are also a good means of flagging activities with excess and unneeded funds for deobligation.
4. **Pipeline reports and burn-rate reports** are excellent tools for identifying candidates for deobligation.

B. The Deobligation Process in USAID/W

The deobligation process varies slightly depending on whether the award was executed by M/OP or by operating units, and if it has expired or is still active.

1. Expired Awards

- a. The CTO or other Obligation Manager must verify that the awardee has satisfactorily completed the activity as outlined in the award. Have the required goods and/or services been received? If not, what is outstanding and what additional funds are required? Responses to these questions may require input from the Activity Manager along with communication with the awardee.
- b. The CTO or other Obligation Manager, in coordination with M/CFO, must determine whether the final payment request has been submitted by the awardee and whether the final disbursement has been posted to USAID's accounting records. This can be obtained from the awardee or M/FM. In some cases, the final voucher may not be submitted pending final overhead rate adjustments. Provisions for these outstanding costs are provided for in **paragraph c** below.
- c. The CTO or other Obligation Manager, in consultation with the cognizant Contracting/Agreement Officer (or other Obligor Official) or the M/OP/PS/OCC Administrative Closeout Official, as appropriate, must determine the amount that is available for deobligation. This is the obligated amount less amounts disbursed, less the estimated amount to be disbursed (see **paragraph b** above), and less a cushion that may be required for closeout. The estimated amount yet to be disbursed may be requested from the awardee. The cushion amount provides for such things as possible changes to the provisional overhead rates that are subject to adjustment after final audit. Determining if a ceiling rate is in the award is strongly encouraged for all expired awards (not new awards) since it provides a confirmed maximum cushion amount to be left in the award, subject to an overhead rate audit. The recommended cushion amount should be 10% (unless the overhead rate ceiling is identified) of the balance the awardee estimates will remain after all disbursements are made. For example, if the vendor states that \$100,000 needs to remain in the award until closeout can occur, then \$110,000 should be left. [**Calculation: \$100,000 x 10% = \$10,000; \$100,000 + \$10,000 = \$110,000**]
- d. CTOs or other Obligation Managers must enter the deobligation request in New Management System/Acquisition & Assistance module (NMS/A&A) or Phoenix and provide the supporting documentation to the Obligor Official. However, if the award is in closeout, the M/OP/PS/OCC Administrative Closeout Official or

designee must enter the request in NMS/A&A. Due to the large number of inactive deobligation requests currently in the system, M/OP is discouraging Obligation Managers from entering deobligation requests into A&A unless the Obligating Official or the M/OP/PS/OCC Administrative Closeout Official is aware of them and is ready to deobligate. Therefore, it is important to consult with the cognizant Obligating Official or M/OP/PS/OCC Administrative Closeout Official prior to entering deobligation requests in the A&A to ensure there is adequate time and resources to process the deobligation.

- 1) Deobligation of A&A obligations (e.g., delivery orders, grants, purchase orders (POs)) is done exclusively in the A&A module of NMS. Step-by-step procedures are found in the Phoenix/A&A Interface Operating Procedures section of the NMS Users Manual at **<http://inside.usaid.gov/nms/phoenix/phoenix.htm>**. Click on “8. How Do I Deobligate Funds in A&A?”
- 2) For non-A&A obligations (e.g., credit card orders, MODs, TAs, training orders), deobligations are done in Phoenix:
 - Step-by-step procedures for non-A&A obligations are found in Section 2.17.3 of the Purchasing SOP in the USAID Financial Management Procedures Manual at **<http://inside.usaid.gov/M/FM/FS/policy.htm>**.
 - To deobligate funds in a TA, follow the step-by-step procedures in Section 2.7.2.2 of the Purchasing SOP in the USAID Financial Management Procedures Manual at **<http://inside.usaid.gov/M/FM/FS/policy.htm>**. Per ADS 633.5.3, a traveler must file a travel voucher within five business days of the completion of a trip or every 30 calendar days of an extended trip.

NOTE: For TAs, Bureaus initiate the request for deobligation by identifying the amounts to be deobligated, and the Obligating Official in M/AS/TT deobligates the funds.

- To deobligate migrated obligations, follow the step-by-step procedures in Section 2.17.4 of the Purchasing SOP in the USAID Financial Management Procedures Manual at **<http://inside.usaid.gov/M/FM/FS/policy.htm>**.

NOTE: The Office of the CFO will process deobligations of prior-year OE funds and all migrated AWACS obligations (AWACS obligations that were migrated to Phoenix before 10/01/2000).

- e. **For expired M/OP-obligated awards not yet in closeout:** A rough materiality threshold of \$100,000 in reported “**excessive**” residual funds may be used to determine if deobligating funds ahead of the closeout process is warranted. M/OP’s decision to process a deobligation action ahead of the closeout cycle is usually a function of materiality and current resource availability.
- f. **For expired M/OP-obligated awards already in closeout:** The amount that was not deobligated by the M/OP Obligor Official and assigned to M/OP/PS/OCC for final closeout and deobligation may remain with M/OP/PS/OCC for an extended period of time (one to two years) pending such actions as verifications with the awardee, CTO or other Obligor Manager, M/CFO, and final audits. Since Personal Service Contracts (PSCs) normally do not require final audit, it is anticipated that they can be closed out and deobligated by M/OP/PS/OCC within a much shorter timeframe. However, if the funds involved are material, M/OP/PS/OCC will process deobligations ahead of the closeout process, using the \$100,000 threshold as a guide. Thus, just because an award is in M/OP/PS/OCC for closeout does not necessarily mean the Bureau or Office has to wait for final closure to deobligate the funds.
- g. Occasionally, during the closeout process, it may be determined that additional funds are needed to close out the award even when a cushion amount was built in. In this case, the CTO or other Obligor Manager needs to identify a source of additional funds from either existing resources (this should be coordinated with the Bureau’s Program or Controller’s Office) or prior-year funds that might be available from M/CFO. M/CFO will prepare a memo to the Obligor Official, if the award is active, or to the M/OP/PS/OCC Administrative Closeout Official, if the award is expired, requesting approval for the reobligation. If the reobligation is approved, then M/CFO will process the reobligation via Phoenix .

2. Active Awards

- a. The CTO or other Obligor Manager will determine whether the unused obligated funds are in excess of remaining activity requirements. This may include obtaining an updated activity budget from the Activity Manager and confirming remaining activity requirements and funding needs in writing with the awardee.

- b. The CTO or other Obligation Manager will determine the amount that is available for deobligation, providing for a possible needed cushion as discussed in **Section V.B.1.c**.
- c. Please see **Section V.B.1.f** for USAID's follow-up actions for pending deobligations.

C. The Deobligation Process in Field Missions

1. Bilateral Program-Funded Obligations with Expired Project Activity Completion Dates (PACDs)

- a. The CTO or other Obligation Manager, in conjunction with the financial analyst or responsible accountant, will perform a comprehensive review of subobligation (commitment) documents such as grants, contracts, cooperative agreements, POs, and TAs to ensure all payments have been made and disbursements posted to the MACS. Until the disbursements are recorded in MACS, the review of unexpended balances in subobligation (commitment) documents is incomplete.

For agreements under the Letter of Credit (LOC) payment mechanism, the process for de-subobligating (decommitting) residual funds is no different from other USAID grants. M/FM notifies the Mission Controllers via memorandum when the grantees submit a final SF-269. In between the time the awards expire and the final invoice is submitted by the grantee, Grant Officers may de-subobligate unneeded funds (minus expected closeout costs). The Missions just need to make sure a copy of the grant modification that de-subobligates unneeded funds is forwarded to the LOC branch in M/FM. Questions regarding specific IPAC charges related to LOC awards should be directed to **Brij Nagpaul** (bnagpaul@usaid.gov or (202) 712-1012) with a copy to **James Dubois** (jdubois@usaid.gov or (202) 712-1901) or **Bella Maipid-Smith** (bmaipid-smith@usaid.gov or (202) 712-4159).

NOTE: While the transfer of the payment process eliminated the need for the grantees to submit all of the SF-269s to M/FM, the grantees are still required to submit the final SF-269 to M/FM.

For Mission funds subobligated in M/OP awards, the CTO or other Obligation Manager, in concert with M/OP regarding the activity performance status, will calculate the accrued expenditures. Therefore, it is critical that M/OP and the Mission CTO stay in close communication.

- b. The responsible accountant will de-subobligate (decommit) residual funds from subobligations (commitments) after the Contracting/Agreement Officer has

modified/amended the subobligating document (contract, grant, cooperative agreement (CA), etc.) If it is clear that the awardee is making no further claims on the award, then the responsible accountant will de-subobligate (decommit) residual funds through a journal voucher (JV) cleared by the CTO or other Obligation Manager and approved by the responsible Contracting Officer (CO) or Agreement Officer (AO). For example, the awardee submitted a final voucher or a release; the grant/cooperative agreement period is over and the recipient has already agreed that there will be no further vouchers.

NOTE: In most Missions, the CO and AO are the same person. However, the roles are still different, even if the same person is performing both roles. The individual functioning in the role must provide the approval.

If the Mission Director signed the grant or cooperative agreement in question, then the Mission Director as the responsible Agreement Officer provides the approval. Conversely, even though an Executive Officer (EXO) may also be a Contracting Officer, the EXO does not have Agreement Officer authority and may not provide the approval for a grant or cooperative agreement.

For expired subobligations (commitments) such as contracts and cooperative agreements, a formal closeout process [outlined in Contract Information Bulletin (CIB) 90-12, Subject: Guidance for AID Missions -- Closing Out Contracts, Grants, and Cooperative Agreements] is required before funds can be removed. If the bilateral obligation PACD has expired, there should be no active subobligations, so the formal closeout process is required anyway as long as all disbursements are recorded in MACS.

NOTE: A JV is a very convenient mechanism because it allows space for signatures (unlike the 1311 review worksheet) and is less complicated and time-consuming (unlike amendments).

- c. The responsible accountant will de-subcommit (de-earmark), through a JV cleared by the SO Team Leader and Contracting/Agreement Officer, remaining funds that were not subobligated (committed) under the contract, grant, cooperative agreement, PO, etc.
- d. The responsible accountant will deobligate the de-subcommitted (de-earmarked) and the remaining un-subcommitted (un-earmarked) funds. This may be done through a JV cleared by the SO Team Leader and the Program Officer, and approved by the Controller. Obtaining the host government's agreement is not required.
- e. After funds have been deobligated from the SOAG, the responsible accountant will enter a "**reduction of Budget Allowance**" transaction in MACS for all prior-

year funds, and report to USAID/W all the monthly deobligations. When funds are deobligated, the de-allowance will be posted the following month and appear on the U-101 report.

2. Bilateral Program-Funded Obligations before the PACD Expires

Funds cannot be deobligated from a SOAG, the obligating instrument, unless it is amended to reduce the amount obligated. However, funds may be de-subobligated (decommitted) from a subobligation (commitment) document to be made available for Mission re-use under the same SOAG. If funds are obligated under a SOAG, and later subobligated (committed) for a contract, grant, etc., unliquidated funds from this contract, grant, etc., can be de-subobligated (decommitted), kept under the same obligation, and reprogrammed for other activities within the same SOAG. In reality, this occurs almost all the time when Missions conduct their review of unexpended balances. Unliquidated funds are decommitted and later subcommitted (earmarked) and subobligated (committed) under the same SOAG.

3. OE-Funded Obligations

- a. The CTO or other Obligation Manager, in conjunction with the financial analyst or responsible accountant, will perform a comprehensive review of all obligating documents (POs, TAs, contracts, MODs, etc.) to ensure that all payments for goods and/or services received have been made and posted to MACS.
- b. The responsible accountant will deobligate any residual with a JV cleared by the CTO or requiring officer (such as the EXO) and approved by the Controller.

NOTE: The EXO is also usually the CO for most OE-funded POs. However, the EXO may be the requiring officer, if the purchase is for Mission supplies managed by the EXO. The clearance needs to be by the person who either provides administrative approval on vouchers or accepts the delivery of whatever was purchased.

In many Missions, the Mission Controller's Office exercises judgment to deobligate residual funds in old obligations that are no longer needed for their original purposes, without clearance by the CTO or EXO. For example, a TA under which the travel was made and charged, a PO that was fully paid but there is a balance due to the exchange rate, or a freight that was charged and a balance is left. In those cases, the Mission Controller's Office must have clear and convincing documentation that no further claims will be made on the residual funds. For recurring obligations under MODs, the responsible accountant will ensure that funds obligated are sufficient to cover the expenses through September 30 (or in accordance with ADS 603, Forward Funding, Non-Program Funds), and deobligate any excess funds.

- c. After funds have been deobligated, the responsible accountant will enter a **"reduction of Budget Allowance"** transaction in MACS for all prior-year funds, and report to USAID/W all the monthly deobligations. When funds are deobligated, the de-allowance will be posted the following month and appear on the U-101 report.

4. Unilateral Program-Funded Obligations Signed by the Agreement Officer (AO)

- a. The CTO or other Obligation Manager, in conjunction with the financial analyst or responsible accountant, will perform a comprehensive review of all obligating documents (grants, cooperative agreements, etc.), to ensure that all payments have been made and the disbursements posted to MACS.
- b. For expired obligating documents, a formal closeout process [outlined in Contract Information Bulletin (CIB) 90-12, Subject: Guidance for AID Missions -- Closing Out Contracts, Grants, and Cooperative Agreements] is required before funds can be deobligated.
- c. For active obligating documents, the AO must execute an amendment to deobligate the funds in question, thus reducing the amount obligated. Then the financial analyst or responsible accountant may record the deobligation. In other words, the deobligation itself only occurs when the amendment is executed by both parties.

Note: Even though the obligation itself may be unilateral, any reduction to the program in the grant must be either bilateral or handled as a partial termination by the AO. This is not done very often.

- d. After funds have been deobligated, the responsible accountant will enter a **"reduction of Budget Allowance"** transaction in MACS for all prior-year funds, and report to USAID/W all the monthly deobligations. When funds are deobligated, the de-allowance will be posted the following month and appear on the U-101 report.

VI. THE DEOB-REOB PLAN

In order to effectively monitor deobligations and the subsequent return of all or some of the recoveries (deobligated funds made available by PPC/RA for reprogramming) to the deobligating operating unit, it is good management practice to establish and maintain a Deob-Reob Plan.

In USAID/W, the Deob-Reob Plan is maintained by the Bureau Program Offices in close coordination with PPC/RA, and by the Mission Controllers and/or Program Offices in

field Missions. The plan is used to ensure recoveries are returned to the deobligating operating unit in a timely manner, unless the respective AA determines that there are overriding circumstances that result in the need to use the money for other purposes. At a minimum, the plan will be submitted to the AA quarterly for approval of planned reobligations.

For additional information on obligations, see the Internal Mandatory Reference, Reobligation Policy.

VII. CLOSEOUT MISSIONS

It is recommended that activity completion dates be at least three months prior to the Mission's closeout date in order to allow adequate time for activity closeout actions, which may include deobligations.

For awards that are obligated and accounted for by USAID/W in Phoenix/NMS, the process outlined in **Section V.B** also applies to closeout Missions. It is critical that CTOs closely monitor awards in closeout Missions and provide enough lead time to ensure timely deobligation of funds. Once the Mission is closed out, key personnel (such as the Activity Manager) may have departed and will not be able to provide the CTO with needed deobligation information. The closeout Mission's unliquidated pipeline reports may be used by CTOs to highlight all awards that may need immediate deobligation action based on expiration dates or a pipeline/burn-rate analysis.

As noted in **Section V.C**, for awards obligated and accounted for overseas in MACS, the closeout Mission has responsibility for deobligation. The closeout Mission must keep its deobligation actions and plans current at all times in order to minimize excess pipeline and reduce deobligation needs at the Mission's final closeout. If all deobligation actions are not completed by the time the Mission closes, the remaining MACS deobligation actions will be transferred to the gaining accounting station (MACS location) for follow-up review and closeout actions. Therefore, it is critical that the gaining MACS location works closely with the closeout Mission to ensure that remaining deobligation actions are completed.

The time required for deobligation of certain procurement actions may be lengthy. For those Missions scheduled for closeout, the deobligation action may not be completed until closeout has actually occurred. For this reason, PPC/RA will attempt to provide funds from other deobligations for return to those closeout Missions for which deobligations are planned and in process. These Missions should proceed with deobligations as above. PPC/RA will work to ensure that funds are available for reobligation on a timely basis. The only caveat is the Mission must demonstrate that the funds for reobligation will be used in accordance with the approved Mission closeout plan. PPC/RA will not provide funds for activities outside of the Mission closeout plan or

for planned deobligations if the Mission Controller has not certified that the funds are available for deobligation.

VIII. SUMMARY

Deobligation allows funds to be used for other purposes. This Guidebook provides detailed guidance for the deobligation process in order to enable USAID to better manage its funds. For questions related to this Guidebook, please contact the Division Chief, Bureau for Management, Office of Management Planning & Innovation (M/MPI).

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